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A Survey of the
WHOLESALE FOOD MARKETING FACILITIES

For
The Philadelphia, Pa. Marketing Area

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Food Distribution Division,
Agricultural Marketing Service,
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P R E F A C E

The Philadelphia Wholesale Food Market Area covers 24 counties in three States. Over 6.6 million people reside in this area and are chiefly dependent on wholesalers located in the City of Philadelphia as a source of their food supplies. A survey of this market was conducted to indicate its size and complexity, the location of wholesale food warehouses, patterns of wholesale distribution, and other factors related to emergency food planning. This report is designed to serve as a guide for similar studies which State and County Emergency Committees may wish to develop.

Acknowledgement is given to representatives of the two newspaper companies, the Philadelphia Bulletin and Inquirer; the various trade organizations; and Mr. Pliney E. Hartenstein, Chairman of the Philadelphia Area Food Industry Disaster Committee for their cooperation in supplying basic data incorporated into this report and the more detailed supplemental information.

This report was assembled and prepared by the Washington office of the Program Analysis and Development Branch, Food Distribution Division, with the assistance of the Division's Area Representative stationed in Philadelphia.

THE PHILADELPHIA WHOLESALE FOOD MARKETING AREASummary

The city of Philadelphia is the location of wholesale facilities handling the distribution of about 80 percent of the food consumed by 6.6 million people located in a 24-county trading area in the States of Pennsylvania, New Jersey and Delaware. This wholesale market is also an important source of food supplies for other State, Regional and National wholesale marketing areas.

The average annual food receipts at the market (excluding fresh fluid milk and cream and ice cream products) amounts to approximately 1,000 pounds for each person residing in the marketing area. However, since this is a primary market redistributing food to other wholesale markets, a certain amount of food entering the market is not available for local consumption. The balance of the total food requirements for the area's population is supplied by wholesalers located outside of Philadelphia who receive direct shipments from growers, shippers, packers, processors or other major wholesale centers.

Most of the marketing facilities for distributing this large amount of food are located within a four mile radius of the city's center. The Philadelphia Civil Defense Council is very cognizant of this situation and has done considerable work in developing information about local wholesale food resources. As a result, a Food Industry Disaster Committee has been organized consisting of representatives of county and city officials and executives of the major wholesale organizations. Emergency plans have been developed by this committee for Philadelphia and surrounding counties of Montgomery, Delaware, Chester and Bucks.

General

Philadelphia, the Nation's fourth largest city, is a major center for the wholesale distribution of food for the southeast part of the Middle Atlantic States. The metropolitan area of Philadelphia, which covers about 130 square miles and has a population of over 2 million people, is called the "Hub of the Delaware Valley". It is centered in one of the more densely populated areas of the Nation.

The city is strategically located in relation to the food production and major consumption areas of the Nation. It is served by three large railroads--the Pennsylvania, the Baltimore and Ohio and the Reading. A network of Federal and State highways and expressways connect Philadelphia wholesale food markets with food producing areas and food markets to the north, south, east and west. Good piers on the Delaware River, easily reached from the Atlantic Ocean, make Philadelphia accessible to food shipments to and from distant points throughout the world.

There is a heavy movement of food into and through Philadelphia to supply the densely populated areas to the north and south, as well as large shipments of processed foods southward and west. It is estimated that during 1959 the equivalent of 170,000 carloads of food products valued at about \$1.6 billion moved through the city's wholesale market facilities, most of which was consumed in the Philadelphia Wholesale Marketing Area. These foods came from the fifty States and many foreign countries.

Wholesale Marketing Area

The Philadelphia wholesale distribution area is very extensive, overlapping in the fringes as far west as Harrisburg and Altoona, on the north Wilkes-Barre, Scranton and Williamsport, east to the Atlantic Shore and reaching south to Baltimore and Richmond and other parts of Maryland and Virginia. It is the only major wholesale center between Baltimore on the south, the Newark-New York area to the north and Pittsburgh to the West.

There is a movement of certain food items between these major wholesale centers. Also, dealers in smaller cities with wholesale centers fringing the general Philadelphia wholesale area do not limit buying locally or through the Philadelphia Market. Altoona draws on Pittsburgh for supplies as well as Philadelphia. Harrisburg and York use both Philadelphia and Baltimore as a source of their food products. Wilkes-Barre and Scranton dealers do some of their trading in Newark and New York. Likewise retail dealers, especially those supplied by independent wholesalers located in the fringe area cities and counties, order from the smaller surrounding wholesale centers such as Harrisburg, Altoona, York, Wilkes-Barre and Scranton.

The Distribution Area, serviced largely from warehouses in Philadelphia, comprises twenty-three counties in the States of Pennsylvania and New Jersey and New Castle County, Delaware covering a land area of over 11,000 square miles. The estimated population residing in the area during 1959 was about 6.6 million people. (Exhibit 1 Map showing the Philadelphia Wholesale Marketing Area and its position in relation to other primary and secondary wholesale markets.)

Scope of the Wholesale Business

The 1954 survey revealed that in addition to the major chain organizations, the whole sale food business in the market district was being handled by 313 independent wholesalers, 5 meat packer branch warehouses and 3 cold storage warehouses. Of the 313 independent wholesalers, 151 handled fruits and vegetables, 40 poultry and eggs, 23 seafoods, 73 meats, 8 butter and cheese, 10 dry groceries and 3 frozen foods.

Since the 1954 survey was conducted, there have been changes in the composition of the food distribution facilities. The rapid expansion of the four major chains plus the spread of the voluntary groups and retailer-owned cooperatives has increased the buying power of these groups. As a result of central warehousing by these large chains, a major portion of their food items are purchased on an F.O. B. basis with a decreasing volume procured through the central wholesale market. Although there are still a large number of wholesale dealers supplying the retail trade in the area, there has been a tendency toward specialization in the type of commodities handled and outlets served.

The majority of the wholesale food business is conducted by four large chain organizations, 23 voluntary and cooperative wholesale organizations, 5 national meat packers, 21 independent general grocery line wholesalers, about 150 wholesalers primarily engaged in the produce business, 13 wholesalers dealing principally in frozen food products and 24 general line wholesalers supplying institutional and some retail outlets.

The majority of the independent dealers conduct their business from the recently constructed Food Distribution Center located about four miles southeast of the City Hall. These wholesalers handle smaller amounts of fresh fruits and vegetables, eggs and poultry. Chain store organizations handle all types of foods. National meat packers deal in meats, meat products or handle meats in combination with butter, cheese, eggs and poultry. Many additional wholesalers handling speciality items such as coffee, rice, sugar, etc., are not covered in this report. However, the quantity of these commodities used for general household consumption are included in the volume of "Dry Groceries" entering the Philadelphia Market.

The Campbell Soup Company, located in Camden, New Jersey, maintains a monthly inventory of about 4.5 million cases of canned soup and vegetables. The entire output of this plant is consumed in this wholesale trading area.

Warehouse Facilities

All wholesale warehouse facilities in Philadelphia and Camden, New Jersey are located within a four-mile radius of the City Hall in downtown Philadelphia. The warehouse facilities for handling the major volume of all grocery items include eight warehouses of the four major chain organizations and six warehouses operated by the voluntary and cooperative wholesale chain associations. The larger independent wholesalers of general grocery lines, frozen foods and speciality items have their own facilities or lease dry or frozen storage space in public warehouses or operate from the Food Distribution Center. (Exhibit No. 2, Map showing the location of warehouse facilities in Philadelphia.) This map was originally prepared in a 1954 study by the Market Research Division of AMS, but has been revised to show present location of major marketing facilities.

Retail stores operated in the four chain organizations in the twenty-four counties are serviced from six warehouses located in Philadelphia. The estimated average monthly inventory of these warehouses is about 43,000 tons of non-perishable food.

Voluntary and cooperative chains have three warehouses located in Philadelphia, two in the adjoining city of Camden, New Jersey and one about 15 miles northwest of Philadelphia in King of Prussia. Average monthly inventories of these facilities are estimated at 20,000 tons of non-perishable food. Other major wholesalers in Philadelphia with facilities in which relatively constant supplies are maintained, have inventories totaling about 12,500 tons of food. This amounts to an estimated grand total of 75,000 tons of food, most of which is non-perishable, that could be expected to be in storage in or near Philadelphia at any given time. 1/

A sizeable voluntary chain, serving the Wholesale Market Area, also has warehouse facilities located in Allentown, 50 miles north and Huntingdon, (near the Altoona area) about 200 miles west of Philadelphia. A number of smaller wholesaler-sponsored voluntary chains and retailer-owned cooperative chains, as well as independent wholesalers with warehouse facilities are located in various cities throughout the marketing area.

1/ Source of Information -- Food Warehouse Survey by the local Civil Defense Food Industry Disaster Committee.

Information is not available for the operations outside the vicinity of Philadelphia.

Most independent wholesalers handling speciality items and frozen foods or those engaged in wholesaling to institutions, hotels and restaurants are located in the neighborhood of the former Dock and Callowhill Streets market district.

Produce facilities of the Baltimore and Ohio and Reading Railroad Terminals are located two miles southeast and the Pennsylvania Railroad Terminal three miles southeast of the City Hall. Most independent wholesalers handling fruits and vegetables formerly located in the Dock & Callowhill Streets market district are now housed in the New Food Distribution Center approximately one mile directly south of the Pennsylvania Railroad Terminal and four miles southeast of the city's center.

In addition to the cold storage facilities available at the general wholesalers handling frozen foods, 5 public refrigerated warehouses with a cooler capacity of 2.5 million cubic feet and freezer capacity of 16.7 million cubic feet are located in the immediate Philadelphia area. Approximately 275,000 cubic feet of cooler space and 450,000 cubic feet of freezer space is available in two plants located at Lancaster, Pennsylvania. One plant at Vineland, Pennsylvania has capacity of 260,561 cubic feet of cooler space and 317,347 cubic feet of freezer space. A plant located in Camden, New Jersey has a reported capacity of 203,435 cubic feet of cooler space and 1,907,500 cubic feet of freezer space. There is a cold storage plant located in Dover, Delaware with the capacity of 340,000 cubic feet of sharp freezer space. Cold storage facilities in Wilmington, Delaware is indicated at 70,000 cubic feet of cooler space and 210,000 cubic feet of freezer space.

Receipts and Distribution of Food

It is estimated that about 170,000 carlot equivalents of food arrived at the wholesale markets in Philadelphia during 1959. About 40 percent was received by rail and 60 percent by motor truck. Approximately 33 percent of the total receipts of food was distributed by wholesalers to retail stores, hotels, institutions and restaurants within the metropolitan area, which includes all of Philadelphia County. The majority of the balance of the carlot shipments received were distributed to retail outlets within a twenty-four county wholesale marketing area.

A recent food marketing study conducted in a fourteen-county area by the research sections of two Philadelphia newspapers provides an estimated percentage for each of the major wholesale groups' share of the total grocery sales volume in this marketing area. Results of the survey were as follows: the 4 corporate chains, 75 percent; the 4 retailer-owned cooperatives, 10 percent; the 5 wholesaler-sponsored associations, 11 percent and "all others," which includes some members in the group not headquartered in this marketing area, 4 percent of the estimated share of the total grocery store volume. Approximately 5 million persons reside in this smaller area surveyed by the newspapers.

The same ratio of the share of business conducted by these groups does not exist in the remaining ten counties of the twenty-four county group. The major chains share decreases, while the business transacted by voluntary and cooperative chains and independent wholesalers increases.

The receipts and distribution of food supplies entering the Philadelphia market are shown in the following table:

Estimated Food Supplies Entering the Philadelphia Wholesale Market

1959

Commodity	Estimated Distribution				Total	
	Philadelphia		Outside Phil.			
	Pounds	Percent	Pounds	Percent	Pounds	Percent
	(Million):	of Total:	(Million):	of Total:	(Million)	of Total
Fruit, Fresh	220.7	29.1	536.6	70.9	757.3	100
Vegetables, Fresh	536.3	52.9	476.9	47.1	1,013.2	100
Poultry	66.2	88.3	8.8	11.7	75.0	100
Eggs	57.4	76.1	18.0	23.9	75.4	100
Seafoods	26.5	34.0	51.5	66.0	78.0	100
Meats	344.3	17.2	1,655.7	82.8	2,000.0	100
Butter	16.8	59.4	11.5	40.6	28.3	100
Cheese	14.1	25.0	42.7	75.0	56.8	100
Dry Groceries	874.1	36.4	1,524.4	63.6	2,398.5	100
Fruit, Frozen	57.4	34.0	111.6	66.0	169.0	100
Vegetables, Frozen	44.1	33.9	85.9	66.1	130.0	100
Total	2,257.9	33.3	4,523.6	66.7	6,781.5	100

Fresh Fruits and Vegetables

The wholesale fresh fruit and vegetable business is conducted at the two railroad terminals and the new Food Distribution Center by about 150 independent wholesalers, four chain organizations and the voluntary and cooperative chain associations. Approximately 59,000 carlot equivalents were received during 1959. From a tonnage standpoint of edible foods, this volume was one of the highest on record. This was due in part to the fact that the increased percentage of pre-packaged commodities enabled heavier carloadings.

The size of the Philadelphia wholesale produce market is exceeded only by New York, Los Angeles and Chicago. It is the dominant wholesale market as a barometer and price-setting factor for fresh fruit and vegetables south of New York City.

Chain store organizations are a major factor in the fruit and vegetable wholesale business. About 60 percent of the total receipts moved through local and national chains and 40 percent through receivers, wholesalers, independent retailers, hotels, restaurants and institutions to about 13,000 retail outlets.

Poultry and Eggs

The wholesale poultry and egg business is carried on by 32 independent wholesalers, the four chain store organizations and several large national meat packers. A total of about 3,500 carlots were received at the market. Poultry (ready-to-serve basis)

accounted for about 1,900 carlots and eggs 1,600 carlots. The chain store organizations and the National Meat Packers received about 40 percent of the total carlot shipments. Of the thirty-two independent wholesalers dealing in poultry and eggs, the majority of the business is done by eleven wholesalers located in Philadelphia and eight dealers in the surrounding area.

Based on the number of pounds of poultry and eggs received at the market which was 66.2 million pounds and 57.4 million pounds, respectively, per-capita consumption in the Philadelphia Metropolitan area is below the National average. Also, the volume of these products redistributed to the entire marketing area is much smaller in comparison to the redistribution of other major commodities. This seems to indicate that large volumes of local supplies of these products are available for consumption of the population residing in the marketing area.

Seafood

Based on U. S. per-capita consumption of seafood products, it is estimated that about 78.0 million pounds was consumed in the marketing area. A much higher percentage than average of fresh fish was available to the consuming public.

The principal facilities for handling this commodity, especially frozen fish, are located at the Food Distribution Center Seafood Market. Although a number of individual wholesalers handle seafood as a speciality item, there are only eleven major wholesalers of fresh and frozen fish. Some of these wholesalers distribute their products nationally, others to markets in Norfolk, Virginia; Pittsburgh, Pennsylvania; New York City and Boston, Massachusetts.

The majority of the chains buy their fresh fish directly from the boats, although some of their requirements are obtained at the market. The chain organizations distribute about 65-70 percent of the fish entering the Philadelphia market.

Meats

Wholesalers of meats and meat products (exclusive of canned meats) are widely distributed among wholesalers of other commodities. Owing to the complicated nature of the wholesale meat business, the intra-market movement is heavy.

Carloadings during 1959 were estimated at 70,000 units. In addition, locally dressed products accounted for 17,500 carlots. These carlot unloads and locally slaughtered animals provided an estimated 2 billion pounds of meat (carcass weight).

Chain stores received about 35 percent of their total meat requirements direct from packing plants located in the Middle West. The five national meat packers located in or near the Philadelphia area supply most of the balance.

Hotel, restaurant and institutional suppliers generally depend on local wholesalers or packer houses for their supplies. Processors obtain a large part of their volume from local boners and occasionally boners obtain supplies from local slaughterers.

Butter and Cheese

About 28.3 million pounds of butter and 56.8 million pounds of cheese were received at the wholesale market during 1959. Based on the average National per-capita consumption of butter and cheese, shipments of these commodities into the area were low. The deficit of these commodities for consumption outside of Philadelphia is supplied by local production or shipped directly to wholesalers without entering the Philadelphia market. These shipments are not reported.

The wholesale business for these commodities is conducted by four chain stores, the five national meat packers and 32 independent wholesalers. Of the thirty-two independent wholesalers, nine dealers maintain almost an exclusive butter business and six limit their operations to the distribution of cheese. There are eleven major wholesalers of these commodities located in Philadelphia and four in the surrounding area. The chain stores and the meat packers distribute about 45 percent of the market receipts.

Dry Groceries

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Approximately ~~6.8~~ billion pounds of dry groceries passed through the market in 1959. The chain store organizations and the voluntary and retailer-owned cooperative associations handle the bulk of the dry grocery items redistributed to retail store outlets. The independent wholesalers supply most of the food distributed to non-affiliated retail grocers, hotels, restaurants and institutions. Many of the independents handle only dry groceries, but several of the larger firms combine meats, frozen foods, fruits and vegetables with their dry grocery items.

The independent wholesaler establishments are scattered throughout the city. However, the majority are located in the neighborhood of the Old Dock and Callowhill Streets market area. Many of these wholesalers lease dry and cold storage space located in this general area.

Frozen Fruits and Vegetables

Approximately 6,000 carlot equivalents or about 300 million pounds of frozen fruits and vegetables, exclusive of other frozen foods, were received at the market during the year. Other frozen foods have been included in their appropriate category.

Frozen fruits and vegetables were handled by the 4 major chains or wholesale sponsored voluntary chains and retailer-owned cooperatives and thirteen independent dealers. With the exception of 4 independent dealers who limit their operations exclusively to frozen foods, all wholesalers of frozen foods deal in some other type of fresh commodities or general line groceries.

With the exception of the various chain organizations, all the major wholesalers of these foods are scattered throughout the metropolitan area. Those serving the institutional trade tend to be located in areas near restaurants and hotels. Those serving the retail trade are located in the vicinity of the cold storage warehouses or in the Food Distribution Center. All wholesalers use the existing cold storage facilities for a certain portion of frozen foods.



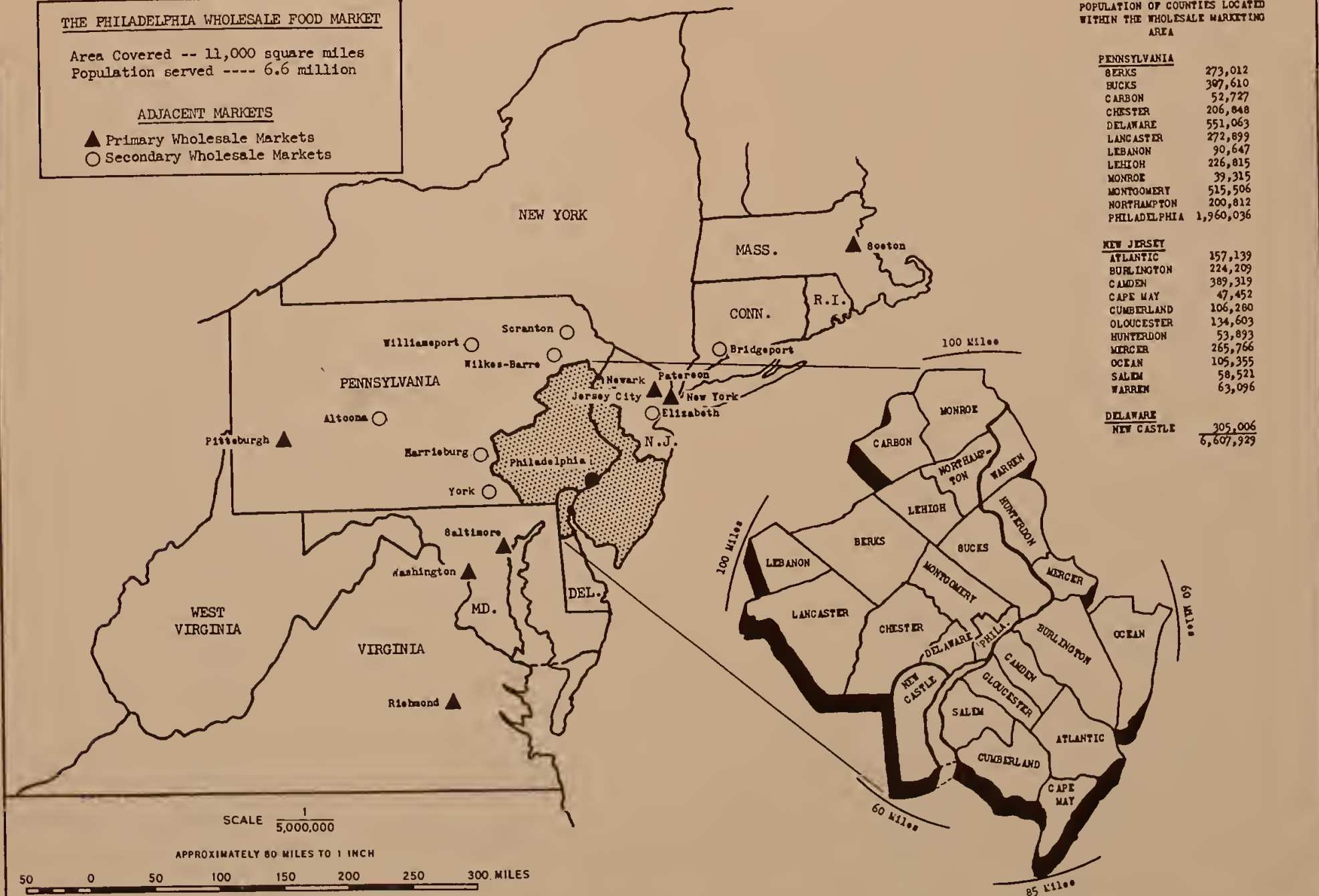
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THE PHILADELPHIA WHOLESALE FOOD MARKET

Area Covered -- 11,000 square miles
Population served ---- 6.6 million

ADJACENT MARKETS

- ▲ Primary Wholesale Markets
○ Secondary Wholesale Markets

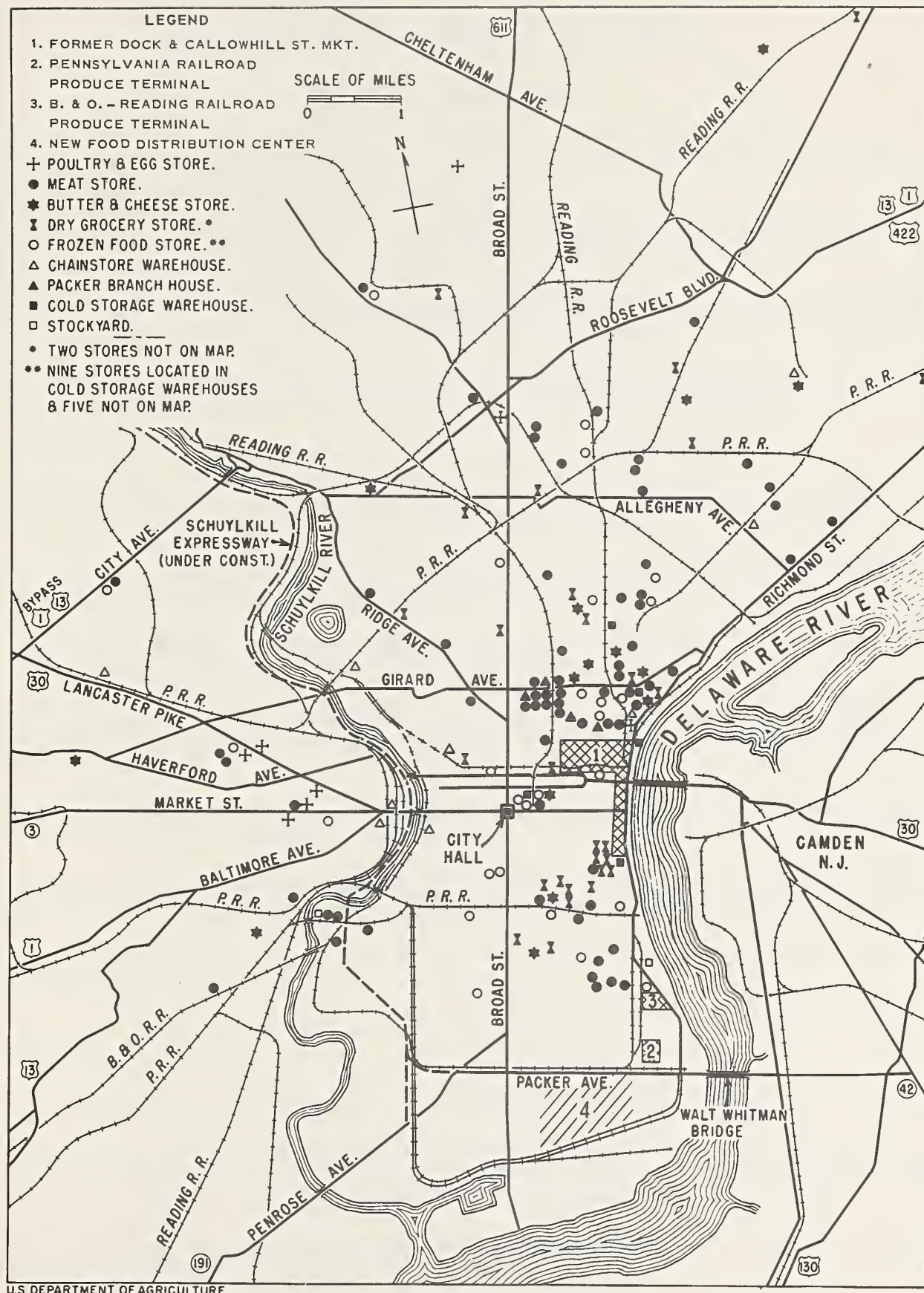


POPULATION OF COUNTIES LOCATED WITHIN THE WHOLESALE MARKETING AREA

PENNSYLVANIA	
BERKS	273,012
BUCKS	397,610
CARBON	52,727
CHESTER	206,848
DELAWARE	551,063
LANCASTER	272,899
LEBANON	90,647
LEHIGH	226,815
MONROE	39,315
MONTGOMERY	515,506
NORTHAMPTON	200,812
PHILADELPHIA	1,960,036

NEW JERSEY	
ATLANTIC	157,139
BURLINGTON	224,209
CAMDEN	389,319
CAPE MAY	47,452
CUMBERLAND	106,280
GLOUCESTER	134,603
HUNTERDON	53,893
MERCER	265,766
OCEAN	105,355
SALEM	58,521
WARREN	63,096

DELAWARE	
NEW CASTLE	305,006
	6,607,929



Map of Philadelphia, Pa., showing the location of facilities for the wholesale distribution of foods

PHILADELPHIA WHOLESALE MARKETING AREA SURVEY

Source of Information

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5. The 6th Biennial Grocery Study--Published by This Week Magazine.
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7. Frozen Food Factbook and Directory--Published by National Frozen Food Distributors Association, 60 East 42nd St., New York 17, New York.
8. Directory of the National Food Brokers Association--Published by National Food Brokers Association, 1916 M St., N. W., Washington, D. C.
9. The Packer--Fresh Fruit and Vegetable Industry Yearbook Issue--May 31, 1958--Published by the Packer Publishing Company, Second and Delaware Sts., Kansas City 5, Missouri.
10. Blue Book of Fruit and Vegetable Produce--Credit Book--Spring 1960--Published by Produce Reporter Co., Wheaton, Illinois.
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16. Food Warehouse Survey of the Philadelphia Market--Compiled by the Food Industry Disaster Committee, Philadelphia Civil Defense Office.
17. U.S.D.A. Market News Service.

